



Notes from the President

February 27, 2009

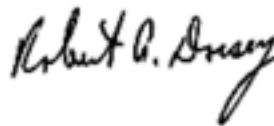
Dear Customer:

We certainly are living in interesting times, to say the least – job losses, continuing stock market decline and real estate correction, increasing level of federal government involvement, etc. The 24/7 media would have us believe that all is gloom and doom. What is the truth?

1. The media would have us believe that “the banks aren’t lending.” **DON’T BELIEVE IT.** ASB increased its loan originations in 2008 by 67% and net loans on our books increased by nearly 10%. That is strong growth by any measure. There are thousands of healthy banks around the country that also are continuing to lend responsibly and prudently. In fact, in 2008 loan growth nationally was 8%.
2. Likewise, the media have made comments like, “Even creditworthy borrowers can’t get loans.” Please refer to #1 above and, more importantly, refer those creditworthy borrowers to ASB! We are lending and we have money to lend.
3. We are also being told that, in order to get out of this recession, consumers and businesses need to borrow and spend more, that saving (i.e. not spending) is a bad thing. This is nonsense. Given the huge job losses and a contracting economy, it is certainly a normal and logical response on the part of consumers and businesses to reign themselves in a bit and try to put some funds aside for the proverbial rainy day. In fact, excessive borrowing and spending was a great contributor to the mess we’re in. It created a sort of “false prosperity.” Certainly responsible borrowing and spending will help the economy, but, that aside, saving is also good. It’s just good common sense to have funds to fall back on in time of need. Besides, money put in savings at banks does work its way through the financial system. The function of the banking industry is to take those funds and make responsible loans to creditworthy consumers and businesses that have borrowing needs.

ASB has been in existence for 105 years. We’ve weathered one depression and numerous recessions. This ability to thrive even in difficult economic times is what we call “staying power.” We want to help you weather the current economic situation. If you have a loan with ASB and are experiencing financial stress, talk to us. If we understand your situation, we may be able to help. That’s what community banks do.

Very truly yours,



Robert A. Dorsey
President/CEO